

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Contact Telephone Number:

UIL 4945.04-04

LEGEND

B = Area.
D = Name of program
E = Name of Campaign
F = Name of Program
v = Number
w = Number-Range
y = \$ Amount-Range

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated January 06, 2011.

Our records indicate that you are recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation defined in section 509(a).

Your letter indicates that you will operate a grant-making program to award qualified scholarships to be used for study at qualified educational institutions. A qualified institution shall mean a college or university or other graduate educational institution that is described in Section 170(b)(1)(A)(ii) of the Code. Qualified scholarships shall mean payments to eligible students to cover all or part of tuition and fees, books, supplies and equipment, contributed services and accommodations and expenses for travel, research, clerical help or equipment to the extent these amounts are expended by the eligible student.

Categories of Scholarships

The types of scholarships, which may be awarded, include, without limitations:

- i. Scholarships to students engaged in a particular field of study or who are candidates for a specific degree;
- ii. Scholarships to students who participate in one or more varsity sports;

- iii. Scholarships to students from a specific geographic region
- iv. Scholarships to students attending a particular institution.

Eligibility criteria

The applicant must be an individual who is currently a high school senior, an undergraduate or graduate student at an accredited junior college, college or university or a graduate student or other person pursuing a graduate or post-graduate degree who has been accepted to attend a qualified institution for the following year.

The individual is neither an employee nor is related to an employee institution nor is related to an employee of the qualified institution.

The individual is neither a relative nor employee of trustees or of a member of the selection committee.

Determination of Grants to Be Awarded

The number of students that are eligible for a scholarship is expected to vary each year and will depend upon available funding, the nature and type of scholarships to be awarded, the number of application received in a given year, and the quality and financial need of such applicants.

The Trustees will determine each year the number and types of scholarships you will award.

The Trustees have no pre-set determination of the amount to be awarded to any candidate in any particular year.

The Trustees determined to limit the number of applications to v in order to avoid becoming overwhelmed with applications. Of the v applications received each year, there is no set limit on the number of applicants that may receive an award; however, the Trustees estimate that they will award w scholarships each year. The number of awards granted will depend upon the number and quality of the applications, as well as the perceived amount of need for each application. The scholarships awarded will be in the \$y range , depending upon funding levels.

Notice of Grant Availability

You shall make the availability of such scholarships by electronic, oral or written communications, or by publication designed to establish a class of recipients sufficiently large to constitute a charitable class within the meaning of Treasury Regulation Section 53-4945-4(b)(2). You will also publicize your scholarship through a website created by you.

You also will send letters to various high schools, colleges and local travel sports teams. Initially the letters will be sent to institutions in the B area. Future letters may be sent to

other regions depending upon the number of applications received and the purposes established for granting scholarships.

Finally, you have contacted D, a part of E and forwarded a scholarship application to them for distribution among coaches and student athletes at the various F programs.

Selection Committee

The recipients shall be chosen by a Selection Committee which shall consist of the Trustees, may consist of one or more "Qualified Persons" appointed by Trustees.

A "Qualified Person" shall mean:

- (i) A person knowledgeable in the educational field ,such as educators, school administration officials or guidance counselors;
- (ii) A person having expertise or knowledge in a course and a field of study, or a degree for which a grant may be awarded ,such as an educator, a writer, or a researcher in that particular field;
- (iii) A person having expertise or knowledge in college sports, such as a coach or an athletic director;
- (iv) A person having a connection to a specific geographic area in which eligible students reside such as a community leader; and/or
- (v) A person having a connection to the educational institution where eligible student will study , such as a member of the faculty or an administrator of such institution or an alumnus.

No person shall serve on the Selection Committee if such person will be in a position to derive a private benefit, directly or indirectly, if certain potential grantees are selected over the other.

Application Process

The Selection Committee shall establish application process, which shall require each eligible student who is interested in receiving a grant under the fund to:

- a) Submit a written application in a form or forms prepared and approved by the Selection Committee. The written application may consist, in whole or in part, of the financial aid form used by a qualified institution;
- b) Submit to a personal interview with the Selection Committee; or
- c) Comply with any other rules and regulations which the Selection Committee considered necessary or appropriate to carry out its duties hereunder.

Objective Basis for Selection

In considering the scholarship application submitted, the Selection Committee shall give consideration to all eligible students who apply for a grant, and will be guided by

objective criteria related to the ability of each candidate to successfully complete his or her course of study. Proper criteria shall include, but not be limited to, the following:

- (i) Prior academic performance;
- (ii) Performance on tests designed to measure ability and aptitude for undergraduate, graduate and/or post-graduate studies;
- (iii) Recommendations from instructors, coaches and references from persons not related to the eligible student;
- (iv) Financial need; or
- (v) The conclusion which the Selection Committee may draw from a personal interview as to the eligible student's character, motivation, ability and potential.

In any case in which none of the above criteria are available to the Selection Committee, the Committee shall make its decision on the basis of the information, available to it, which the Committee believe, in good faith, that are sufficient for an objective and non-discriminatory selection process.

Awarding Grants

The Selection Committee shall determine the recipients and notify each grantee in writing. To the extent possible, Trustees shall pay scholarship directly to each qualified institution, provided that the institution agrees to use such funds to defray each grantee's expenses permitted so long as such grantee is enrolled at the institution as a student in good standing.

Grant Renewal

Applicants receiving award may re-apply and be considered for the next academic year. The renewal procedure is the same as the initial application with the additional requirement that the student must provide a transcript or other reports of his or her achievements in school during the year, in which the initial award was granted. The financial information section need not be as detailed in a renewal application as that in the initial application, unless the student's financial situation has changed during the year.

The decision to make a subsequent award and the amount awarded will be based upon the same factors used in determining whether to make the initial award. Any additional criteria and the procedures used for continuation of a grant shall be objective and non-discriminatory.

Supervision of Grants

Trustees shall make arrangements with each qualified institution to receive directly from the institution annual reports of the courses taken and grades received in each academic period by the grantee.

Where a grantee's study does not involve taking courses but only the preparation of research papers or projects, the Trustee shall make an arrangement with such institution to receive annual reports on the progress of the paper or project. The report must be

approved by the faculty member supervising the grantee or by another appropriate official at such institution.

Grants may be continued unless you receive information indicating the original grant is being used for a purpose other than for which it was made or you have not received any reports due from a grantee. Scholarships may be constituted only to grantees who have maintained good standing at their respective qualified institutions.

Where your Trustees have paid all or any part of a grant directly to the grantee, and the report submitted to your trustees indicate that all or any part of such grant is not being used in furtherance of the purposes of such grant or if the qualified institution or grantee fails to issue such reports:

- a. The Trustees shall investigate the circumstances surrounding the use of the grant;
- b. During the investigation, Trustees shall withhold all further payments to the grantee to the extent possible.

If the Trustees conclude that a grant has been used for improper purpose:

- a. Trustees shall take all reasonable and appropriate steps to recover the grant funds. Such reasonable steps shall include, without limitation, taking appropriate legal action, unless Trustees, in their discretion, conclude that such action would not result in the satisfaction of execution of a judgment.
- b. Trustees shall withhold any further payments to the grantee unless: (i) such grantee assure that future improper uses for such funds will not occur; and (ii) Trustees require the grantee to take extraordinary precautions to prevent future diversions from occurring.

Retention of Records

Your trustees shall maintain formal, written records concerning the selection of grantees. Such records shall include, among other things which trustees deem materials:

- a) All information Trustees secured to evaluate the qualification of particular grantees;
- b) Identification of each grantee;
- c) Specification of the amount and purpose of each grant awarded hereunder; and
- d) All follow-up information which Trustees receive in compliance with supervisions of the grants.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel,

study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantees.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed, with a view to providing objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations

Enclosure: Notice 437
A redacted copy of this letter